NHCNews Briefs

Industry Update

Depot doubles 2nd qtr. sales

ATLANTA—The Home Depot has nearly equaled its sales for all of last year in the first six months of its current fiscal year.

The 14-store chain more than doubled its second quarter volume from a year ago by recording $66.6 million in sales in the three-month period ended July 31, officials reported. The Home Depot did $33.1 million in sales in the second quarter last year.

That performance pushed The Home Depot's volume for the first half of the present fiscal year to $109.6 million. All of last fiscal year, it reported $117.6 million in sales.

Officials said the results were aided by the addition of six new units since July 1982 as well as "significant" increases in sales at the other eight stores.

The company is not letting up in its expansion. It plans to open two units and is looking for a third site in Phoenix (*NHCN*, Aug.1) and single outlets in Clearwater and West Palm Beach, Fla., according to Ronald M. Brill, vice president, finance and treasurer.

Goodbuys set for 4th Philly unit

PHILADELPHIA—The three-unit Mr. Goodbuys chain will open its fourth store by mid-September in the northeast section of this city and is in the final stages of negotiating for another site in Philly's west side.

According to co-owner Steve Erlbaum, the new store will have its grand opening in mid-October. Mr. Goodbuys spent about $300,000 to renovate this unit, formerly a 15,000-sq.-ft. Price Rite Home Supply, into a 70,000-sq.-ft. building materials unit that mirrors the chain's prototype (*NHCN*, Feb. 28). He added that the new store will carry an estimated $1.2 million in inventory at cost.

Like its 130,000-sq.-ft. prototype here, the chain's newly opened store will specialize in the merchandising of bigger-ticket products—such as kitchens, windows, floors and ceilings—and emphasize in-store service.

Erlbaum was not at liberty to divulge the exact location of the chain's proposed fifth store, except to say it would operate in a western Philadelphia suburb and would open late this year or early 1984.

Plans are being discussed to open more stores in the Union, N.J., and Baltimore markets where Mr. Goodbuys already has stores, but Erlbaum indicated there were no immediate plans for the company to expand into new markets within the next year.

Wickes Lumber switches ad firms

SAGINAW, Mich.—Wickes Lumber will move its $2.5 million advertising account to a Chicago agency on Sept. 1, as part of the planned relocation of its headquarters there later this fall.

Dick Hammill, senior director of marketing for the 239-unit chain, said the Grey North advertising agency of Chicago will begin buying media promotions for Wickes in October. The account, until now, has been handled by the Johnson & Dean agency of Grand Rapids, Mich.

According to Hammill, the transfer will bring no drastic changes to company promotions at the outset. The executive predicted that any significant changes that might be agreed upon in the future would not begin to appear until next spring.

The Midwestern subsidiary of Wickes Co. devotes about 95% of $2.5 million sum to radio promotions. Hammill said Wickes commercials are heard in 125 radio markets, which serve between 150 and 160 of the chain's home centers. The marketing director said radio for Wickes is a more efficient medium than television, since most stores are located in small to medium markets.

Officials from Saginaw and Santa Monica chose to transfer the chain's account to the Chicago area due to logistical considerations stemming from the chain's approaching relocation to Vernon Hill, Ill., in mid-November.

National Home Center News

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National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $20 a year ($21 in Canada). Foreign subscriptions: Airmail only, $100 per year.

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Vol. 9, No. 18 August 29, 1983

Ole's restructuring creates three Group VP positions

PASADENA, Calif.—Ole's Home Centers, operator of 34 stores in California and Nevada, has completed a major reorganization of its management structure including the creation of three Group VP positions.

Harvey Knell, president of the privately held, 100% DIY chain that posted an estimated $188 million sales last year, said the changes are "an attempt to reorganize the company and streamline channels of reporting and communication."

The newly created Group VP slots were filled through internal promotions. The Group VPs are Shawn Lee, operations; Allen Weissman, real estate/planning and Gary Schangaard, administration.

Lee formerly was vp-merchandising, a post filled July 25 by Jim Stadtlander, a 24-year employee of Montgomery Ward who most recently was its paint and hardware division merchandise manager.

Prior to their promotions, Weissman was vp-corporate development/real estate and Schangaard was senior vp-finance and cfo, the latter title which he keeps in his Group VP post.

Another major reassignment was the promotion of Robert Stutz, senior vp-marketing, to executive vp of Knell Enterprises, Ole's parent company. Knell said Stutz is working on special projects which he declined to specify.

The corporate reorganization is the second within two years (*NHCN*, March 1, 1982). The first phase created several senior vp positions which were eliminated in the second phase.

"We felt some time ago this Group VP structure was where we needed to be evolving to," Knell commented, adding that it is part of the company's long-range strategic planning process.

"Obviously, any changes that we make—or perceive are necessary through the planning horizon—are reflective of market conditions and what we plan to be doing in the market," he elaborated.

In a related development, *NHCN* learned that Knell Enterprises has hired Rick Randall, formerly senior vp-mm for Grossman's.

Gamble creditor group files for separate reorganization independently of Wickes

LOS ANGELES—A group representing Gamble-Skogmo Inc. creditors has sought to file a separate plan to reorganize that company, which would bring Gamble out of bankruptcy independently of its parent corporation, Wickes Cos.

Describing Gamble as a "well-organized, lean entity," the Gamble-Skogmo Income Capital Noteholders Subcommittee claims that Gamble's businesses—which comprise about half the current Wickes assets—are "ready and able to be reorganized," and charges that any further delay in reorganizing Gamble as a separate entity "only serves to seriously jeopardize the interests of Gamble creditors."

The subcommittee also opposed Wickes' plans for an Aug. 12 filing to seek another six-month extension of "exclusivity," the period during which only Wickes may file a reorganization plan and have it accepted. In a separate filing, the subcommittee sought permission for its attorneys to investigate what it considers questionable practices by the former management of Wickes, which acquired Gamble in August 1980.

Using Wickes supplied figures as a base, the subcommittee has developed a cash flow analysis it said shows an autonomous, reorganized Gamble could produce enough capital to pay off creditors, while Wickes businesses continued to have limited resources.

The subcommittee's plan would pay senior Gamble creditors, who are owed $339 million, $231 million plus five- and 10-year notes for the balance. Trade creditors, owed $34 million, would be paid $12 million and five-year notes for the balance. Subordinated noteholders wouldn't receive cash, but would get 90% of the stock of a reorganized Gamble-Skogmo. Gamble preferred shareholders and Wickes wouldn't receive anything.

Wickes attorney Edmund Kaufman said the subcommittee's proposal was the first made by any of Wickes' four creditor committees that suggested an entity other than the current Wickes could be reorganized separately or would retain equity control of all its

(Continued on page 62)

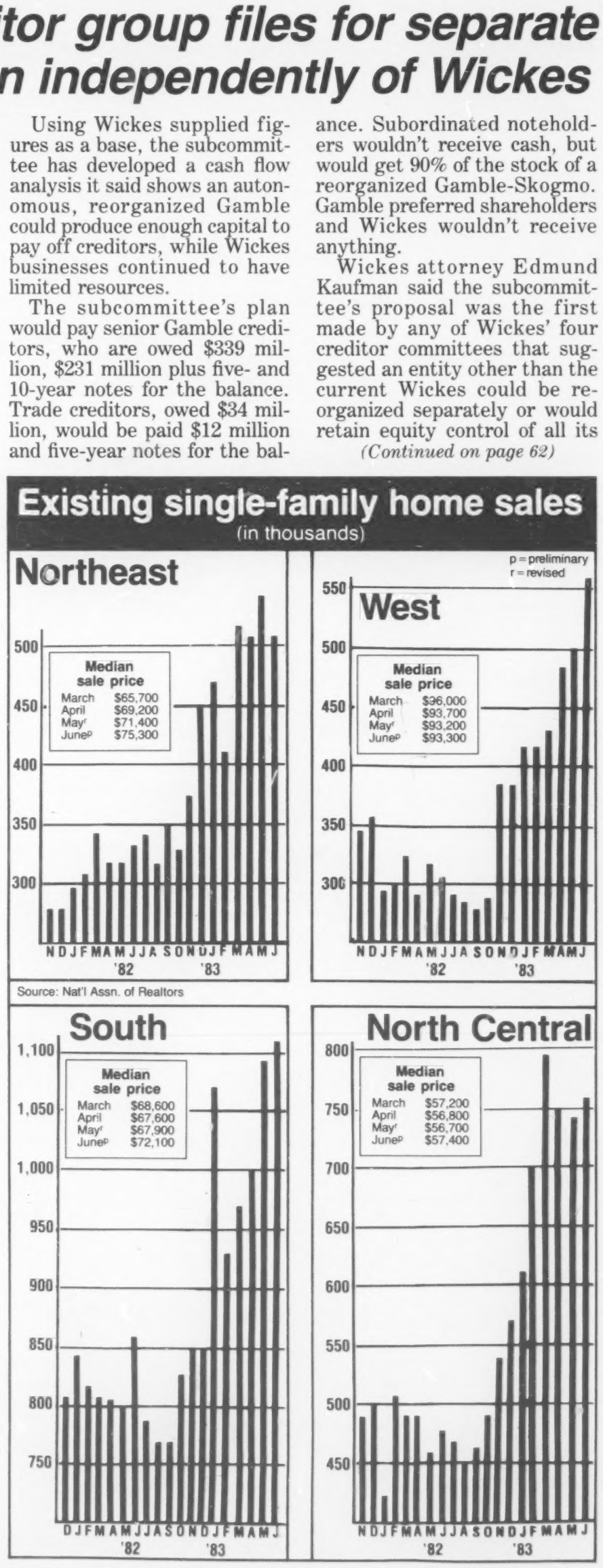
Evans Products delays offering

PORTLAND, Ore.—Evans Products has delayed the release of preliminary prospectuses in connection with its plan to create a new publicly held corporation for its 343-unit retail group.

Gerald Parsons, Evans' vp-corporate relations, said, "we have some details to iron out" before the prospectuses can be filed with the S.E.C. The prospectuses serve as the document on which the underwritten public offering of stock in Evans' recently created, wholly owned subsidiary, Grossman's Inc., is based.

"I can only say that most of the work in connection with the preparation of the filing has been completed," Parsons told *NHCN*. Evans Products first announced plans to spin off the profitable retail group June 22 and said the prospectuses would be available in July (*NHCN*, July 18).

Grossman's Inc. will be comprised of Evans' retail group. Evans officials said the company will retain at least 20% of the shares of Grossman's common stock outstanding following the public offering.



The rate of existing home resales was 2.93 million units, on an annualized basis in June, up 1% from the month before and 48% ahead of the same month in 1982. The West experienced the strongest month-to-month increase in resale activity, a 12% hike, while the level of resales in the Northeast dropped 9.8% from May to June, according to the National Assn. of Realtors.

NEW

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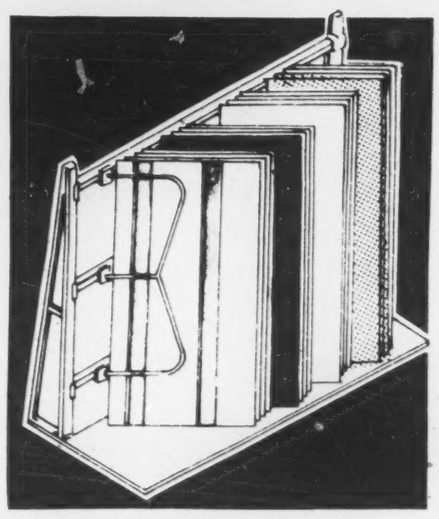
Merchandiser

Stock & display 8 units of 4x8 panels in the same space you now display 4 panels on A-Frames!



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Home center building costs on par with other retailers

NATIONAL REPORT—Home center chains' construction-related expenditures—what it costs them to erect a building shell—are greater than discount and drug store chains but less than supermarkets, specialty and department stores, according to a retail survey.

The average or mean cost of a home center building shell within the last six months was $28.25 a square foot, compared with $25.79 for discounters, $21.78 for drug, $37.58 for supermarkets, $38.47 for specialty and $32.67 for department stores.

The survey results, based on telephone interviews conducted by Lebhar-Friedman Research with executives from 30 chains in each retail category, were detailed in the 1983 Annual Census of American Chain Stores published in *Chain Store Age Executive*.

The survey broke out results for six separate retailing categories, calculated both in mean and median averages. The median is the number where half the values are above and half are below it. For instance, of home centers that opened in 1982-83, the average square footage was reported to be 28,-920, while the median square footage was substantially less—17,500 sq. ft. Discount stores, in contrast, report a slightly larger average selling floor averaging 20,000 sq. ft.

The mean and median costs of particular physical support systems such as fixturing and lighting indicate that, with some exceptions, home center store planners spend less on these items than most other retail segments.

In-store fixtures, including gondolas and shelving, showed home centers' cost per square foot median was $2.44, while the mean was $5.66 a square foot. Those results were slightly lower than all retail segments, which combined had a median of $7.23 a square foot and a mean of $11.93 per square foot. One unidentified home center chain reported a range of fixture costs from $25.01 to $30 per square foot, but approximately one-third of respondents said costs were much lower, ranging from $2.51 to $5 per square foot.

In labor intensive support categories, the variations between home centers and other retail segments were substantial. Average costs per square foot for security at home center chains was put at 42¢, while nine of 30 home center respondents said their security costs per square foot were at least 51¢ or more. Average cost of security per square foot in all retail segments was pegged at 73¢. Discount stores followed behind home centers in terms of costs invested per square foot for security purposes with 48¢ spent.

In the employee-dominated function of store maintenance, however, home centers spent 44¢ per square foot—with all retail segments except supermarkets (45¢ per square foot) spending less than that amount. The average cost per square foot for all retail segments for maintenance was 38¢ per square foot. This indicates that maintenance in home centers and supermarkets is a particularly large chunk of employee payroll costs.

One physical support category that home centers spent less on than other retail segments was drop ceilings. Home centers spent $1.18 a square foot on this item, compared with the total retail average of $1.47.

Again, home centers paid less on heating and air conditioning (HVAC) costs, the survey revealed—HVAC costing home center chains $1.03 per square foot on average, compared with the total of all retail segments of $2.15. The big spenders on HVAC systems were the smaller square-footage specialty store chains, which invested $3.75 a square foot in HVAC.

On exterior and interior signs, home centers spent 88¢ a square foot, slightly less than the total retail segment average of 96¢. Home centers spent less on interior lighting than other retail segments, an average of 81¢ a square foot compared with $1.63. In exterior lights, home centers paid 49¢ a square foot.

In a relatively new physical support category—energy management—home center chains have not yet invested as much money as other segments of retailing in systems that reduce utility consumption. The study revealed that home centers spent an average of 27¢ a square foot on energy management while the average spent by all retail segments is 59¢. In energy management, discount stores spend an average of 44¢ a square foot, with greater commitments being made by department stores who spent 55¢; drug, 73¢; supermarkets, 79¢, and specialty stores, 86¢.

Retail building costs
(dollars per sq. ft.)

	Home centers*			All retail operations**		
	No. of hme center respondents	Median	Mean	Total respondents	Median	Mean
Fixtures	30	$2.44	$5.68	180	$7.23	$11.93
Security	30	0.24	0.42	180	0.24	0.73
Ceilings	17	1.01	1.18	89	1.22	1.47
HVAC	30	0.49	1.03	180	0.99	2.15
Maintenance	30	0.16	0.44	180	0.16	0.38
Signage	30	0.24	0.88	180	0.39	0.96
Interior lighting	30	0.39	0.81	180	0.85	1.63
Communications	30	0.25	0.55	180	0.25	0.67
Roofs						
BUR[1]	7	3.13	3.90	46	1.97	2.68
Ply[2]	6	1.01	1.25	47	2.08	3.05
Energy management	30	0.15	0.27	180	0.24	0.59

* = Based on a survey of 30 home centers that averaged $72 million in sales annually (median: $23 million), and averaged 32 stores per chain (median: 10)
** = Includes discount, drug, supermarket, department and specialty stores as well as home centers
[1] = Built-up roofs
[2] = Single ply roofs

Source: *Chain Store Age, Executive*, July 1983

A recent telephone survey of 180 retail companies, including 30 home center firms, found that home centers' operating costs are the same as or less than that of discount, drug, supermarket, department and specialty stores.

"So why should we buy floor protection products from Shepherd Jerry?"

Would you buy a shirt from a cop because he knows how to make a "collar"?

Jerry Weber
V.P. Sales

Hardly! So why deal with plumbing or electrical manufacturers (with a zillion other products to sell) when you can deal with the specialists in floor protection products.

shepherd

If you already carry Shepherd casters it makes good sense to carry the complete line.

Shepherd Products U.S. Inc., 203 Kerth Street, St. Joseph, Michigan. 49085 Phone (616) 983-7351
Shepherd Products Ltd., 37 Esna Park Drive, Markham, Ontario L3R 1C9 Phone (416) 475-6454

Shades of Captain Midnight

National Lumber club members pack secret decoder calculators

SANTA ANA, Calif.—National Lumber president Mel Jaffee says the inspiration for the 12-unit chain's current promotion was Captain Midnight and his secret decoder ring, circa 1939.

The difference is, National Lumber's "Shorty and Cheap Chicken Club" uses "secret decoder" calculators.

According to Jaffee, customers who pay a one-time membership fee of $9.95 receive a T-shirt, carry bag, baseball cap, certificate, identification card and a calculator.

The calculator requires some explaining. As Jaffee described it, all the numbers have been removed and replaced with scrambled letters that spell "SHORTY CLUB." (Shorty and Cheap Chicken are cartoon characters that National uses in its TV, newspaper, circulars, logos and in-store signs.)

"Our ads in the next few weeks will have coded messages and only club members can decode the price," Jaffee said, elaborating that only the calculator can be used to unscramble the code. "We guarantee that the price will be lower [than the competition's]. If we are not lower, the club member can bring in the competitor's ad and we will give the member that price plus a 10% discount."

The zany promotion includes discount Disneyland tickets, a newsletter and special purchasing arrangements—which Jaffee didn't specify—for club members only.

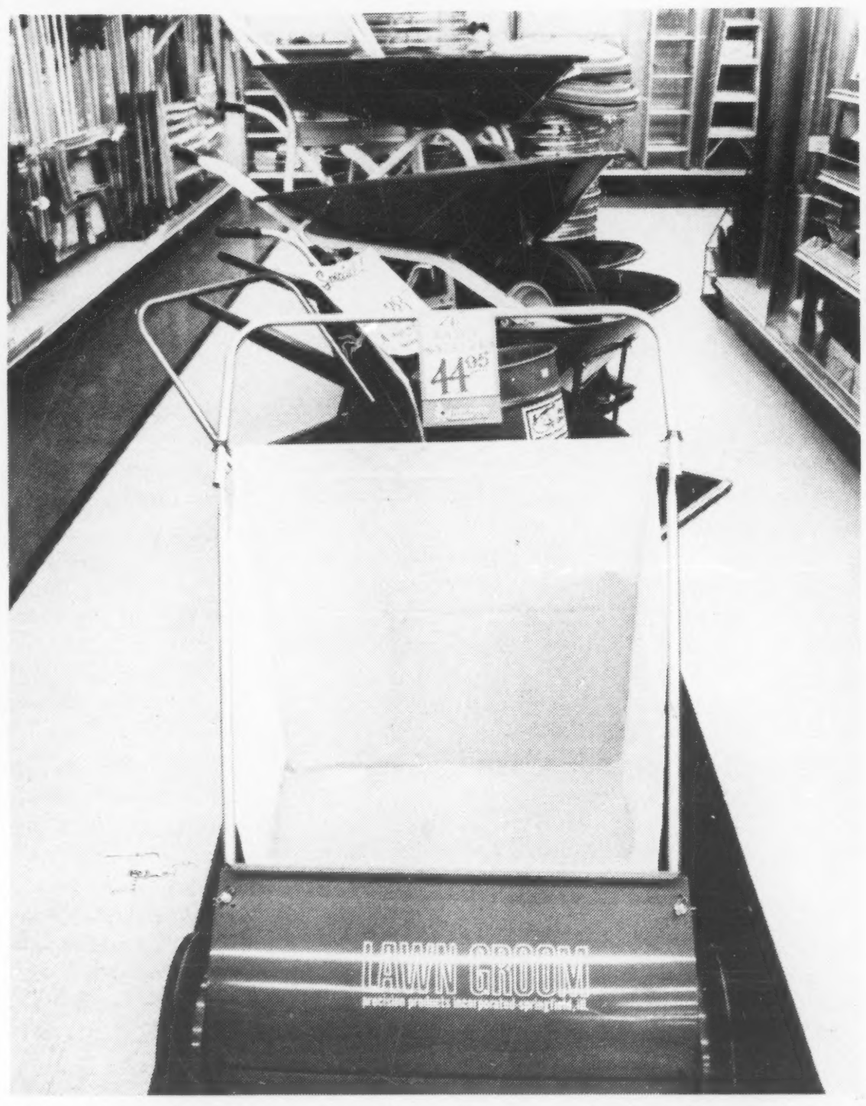
The first weekend of the promotion, some 600 persons signed up. Jaffee expects some 5,000 members by the end of summer. He said the promotion was introduced "quietly" in a circular and then spread to run-of-press newspaper display ads and eventually will appear on television. "We went easy at first," Jaffee explained. "We had to order calculators from Taiwan, and we didn't know what was going to happen."

LAWN & GARDEN

Pine bark and marble chips are merchandised adjacent to peat moss and fencing at Edward Hines Lumber, Chicago. NHCN photo

Bulk stacking of fertilizer, applicators and yard carts, surrounded by wide aisles, attract customers to the lawn and garden department at The Home Depot, Orlando, Fla. NHCN photo

Consumers are exposed to a broad array of "how to" help in the lawn and garden area of Ernst Home Centers, Bothell, Wash. Topics covered by the literature include landscaping, pruning, various types of gardening and patios. NHCN photo



Elevated platform helps set off a well-signed display of lawn sweeper and wheelbarrows at Anderson Lumber, Bountiful, Utah. NHCN photo

NHCN survey shows:

Wide range of prices on outdoor power equipment

NATIONAL REPORT—Outdoor power tools are sold at broad price spreads in home center lawn and garden departments, according to a *National Home Center News* survey.

String trimmers sell faster than other power tools in the lawn and garden department, according to a survey of 20 leading home center chains conducted by NHCN. NHCN photo

Conducted at a cross section of leading home center chains nationwide, the survey showed that lawn mowers sell for the lowest reported price of $99.95 and the highest of $1,999.

String trimmers

Respondents pegged a low price of $19.95 and a high of $352 for string trimmers. The lowest reported price for a chain saw was $49 and the highest was $600.

Sell fastest

String trimmers are sold much faster than other power tools in the lawn and garden department, turning 6.1 times annually on the average.

Manual tools

In the category of manual tools, home centers reported an average shovel inventory of 10 sku's, far fewer than hoses and sprinklers but significantly higher than other common garden tools. Although shovels sell for as low as $3.95 on promotion, their price was reported as high as $35.95. An average low of $7.90 and an average high of $27.85 emerged during the survey.

Rakes, axes and hoes are each carried at an average of six to seven sku's, according to respondents.

Wheelbarrows, carried at an average depth of five sku's, sell in a price range significantly higher than any other manual garden tool. The lowest reported price was $19.95 and the highest was $115.95.

Lawn and garden buyers were asked a series of questions either over the phone or using a mailed questionnaire. Results were tabulated from the responses of about 20 chains.

Lawn and garden tool activity

	Avg. Sku's	Avg. Turns	Lowest Price*	Avg. Low	Avg. High	Highest Price*
Power Tools						
Lawn Mowers/Tractors	8	3.70	$99.95	$256.75	$908.80	$1,999.00
String Trimmers	7	6.10	19.95	30.27	169.41	352.00
Hedgers (incl. manual)	5	3.20	5.00	13.55	57.12	79.99
Chain Saws	5	2.75	49.00	107.20	352.40	600.00
Manual Tools						
Hoses and Sprinklers	16	5.40	$ 2.99	$ 3.58	$ 45.00	$ 75.00
Shovels	10	4.30	3.95	7.90	27.85	35.95
Rakes	7	3.70	2.99	4.60	16.56	19.95
Axes	6	4.00	3.80	10.12	25.49	31.99
Hoes	6	4.60	3.95	6.62	19.20	29.99
Wheelbarrows	5	4.10	19.95	29.27	83.27	115.95
Spreaders	3	6.50	10.95	27.81	37.63	49.95
Wedges	3	2.00	4.00	6.67	9.65	10.00

*Lowest and highest prices reflect buyer responses obtained during a *National Home Center News* survey of leading home center chains nationwide. Average low and high prices represent mean averages of all reports added together.

Lawn mowers, selling for a low of $99.95 and a high of $1,999, represent the lawn and garden item with the greatest price spread at home centers. NHCN Chart

LUMBER REPORT

Reagan's lumber bail out:

Extend harvest contracts on Federal timberland by 5 yrs.

By Ken Schept
NHCN senior editor

NATIONAL REPORT—President Reagan late last month approved a five-year contract extension designed to help alleviate pressure on forest products companies which would have been forced to harvest Federal timberlands at a tremendous financial loss.

Schept

Current contracts have been extended from the point they were due to expire, so in some cases, companies now have until almost the end of the decade to harvest their Federal timber.

That may sound good to some, but there are still significant problems according to certain observers, who assert that the President's solution does not go far enough toward ameliorating the crunch in which some lumber companies find themselves. Some feel that actual contract termination is the only solution that would save those operations. Sen. Mark Hatfield (R-Ore.) has a bill pending to achieve that end.

Paul Ehinger, executive vp of the Western Resource Alliance, said of the President's action, "In certain cases this will be helpful. But this doesn't solve the problem. Obviously some people will find this adequate, but the impact is on the smaller, medium-sized operations that are totally dependent on Government timber.

"The other thing that has us all concerned is that the price of the product has not gone up. All the Government's projections were based on higher returns. It's like so many things that you try to do. No one wants to come to grips with the problem."

"The studies that were available to the President actually covered a range of housing starts," said George Leonard, Forest Service director of timber management. "The low housing start scenario indicates that companies won't be able to move enough volume and there will be a substantial number of defaults.

"There were even defaults in the best housing start scenario. The worse the market, the greater the problem is going to be."

The problem developed in the late 1970's when bidding practices and expectations of strong inflation caused lumber companies to drive the cost of stumpage on Federal lands to skyrocketing levels. When the bottom fell out of the housing market, lumber prices caved in leaving many companies holding vast supplies of uneconomical timber that would be unprofitable, if not disasterous, to harvest.

The Forest Service estimates that in the four-state region of Oregon, Washington, northern California and northern Idaho about 384 purchasers hold 2,441 contracts on 16.6 billion board feet of lumber with a contract value of $4.5 billion. The Bureau of Land Management of the Department of Interior also holds land under contracts, but substantially less.

The premise behind the President's solution is that given extra time, the stricken companies can purchase additional contracts at more favorable rates, and, through averaging get out from under without major adverse consequence. It's akin to the course sometimes chosen to salvage a poor stock investment decision.

The problem with the analogy as it applies here, however, is that some analysts are announcing that the end of the bull market in lumber has arrived. After a run that saw the framing composite price boom from $152 per thousand board feet in October 1982 to $260 last June, some are saying that home building activity will slow because of higher interest rates generated as the Government and consumers collide in pursuit of credit.

Lumber prices are conse-

(Continued on page 54)

FUTURES

Two weeks ended Aug. 5, 1983

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Sept.	217.30	180.10	180.10	199.80	7,019	240.40	163.80
Nov.	216.60	184.10	184.30	201.40	4,572	229.90	168.00
Jan. '84	220.80	189.20	190.60	204.40	1,075	234.00	179.00
March	226.10	199.50	199.50	210.80	216	240.50	199.50
May	231.00	206.50	206.80	214.80	224	245.50	206.50
July	235.10	217.00	218.50	223.00	31	252.50	217.00
Sept.	228.00	225.50	227.50	No Trading	5	228.00	225.50

Total Contract Vol. (Through 8/5): 33,912 — **Previous Two Weeks: 29,971**
Total Open Interest (As of 8/4): 8,552 — **Previous Week: 8,499**
Cash Price: $174.44 — **Previous Week: $191.10** — **Year Ago: $132.30**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
Sept.	199.80	179.20	179.80	188.90	1,070	223.90	179.20
Nov.	202.20	182.00	182.50	191.50	271	226.60	182.00
Jan. '84	204.50	184.50	184.50	193.70	89	223.00	184.50
March	207.00	188.00	188.20	196.90	123	225.00	188.00
May			No Trading				
July			No Trading				

Total Contract Vol. (Through 8/5): 1,350 — **Previous Two Weeks: 1,273**
Total Open Interest (As of 8/4): 1,553 — **Previous Week: 1,705**
Cash Price: $186.20 — **Previous Week: $192.08** — **Year Ago: $161.70**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	270.2	259.9	234.7

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Aug. 4.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

CALENDAR

Aug. 30-Sept. 2
Automotive Parts and Accessories Assn., 15th Annual Show, McCormick Place, Chicago.

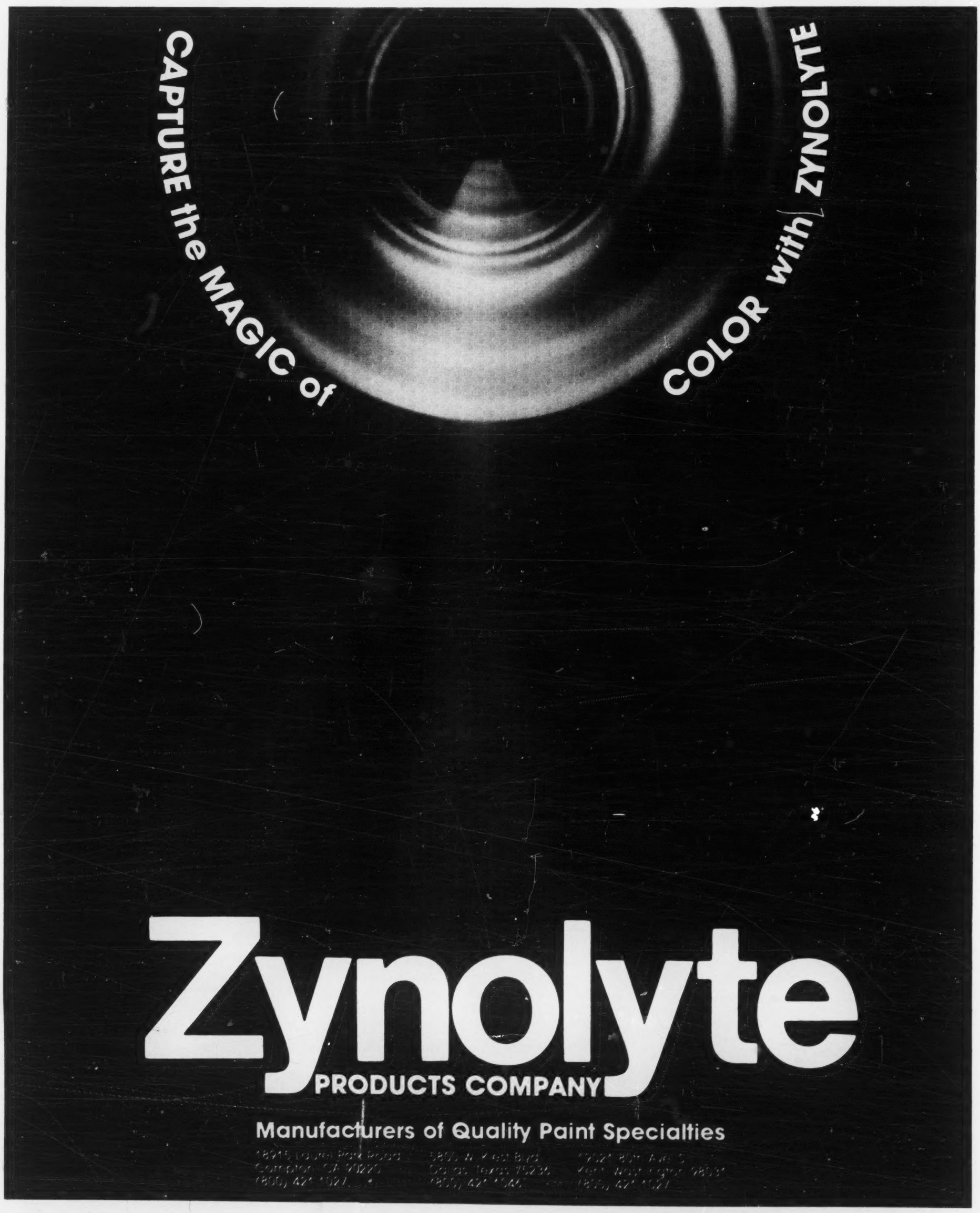
Sept. 9-11
Vermont Retail Lumber Dealers Assn., Annual Meeting, Lake Morey Inn & Country Club, Fairlee, Vt.

Sept. 10-11
Hardware Supply Co., 12th Annual Dealer Market, Adams Mark Hotel and Exhibition Center, Philadelphia.

Sept. 10-11
RKB Enterprises Annual Fall Dealer Market, Broome County Arena, Binghamton, N.Y.

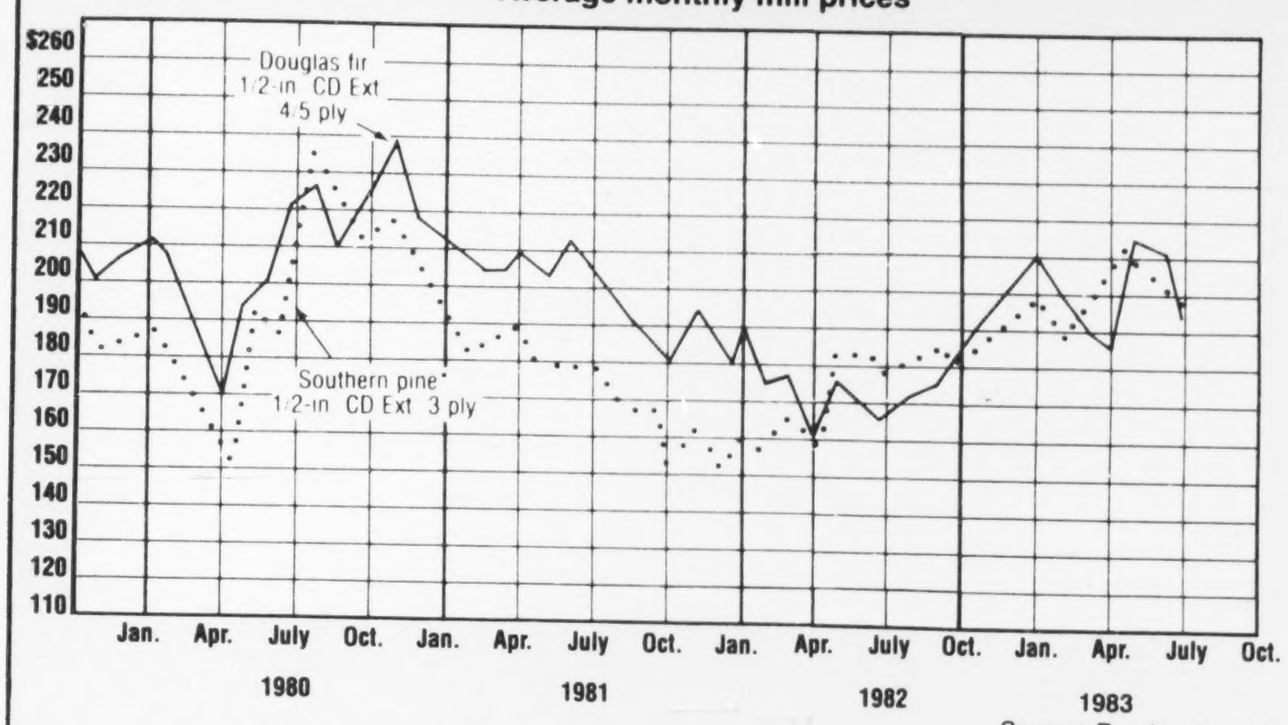
Sept. 10-11
Oklahoma Lumbermen's Assn. 37th Annual Convention/Merchandise Mart, Myriad Convention Center, Oklahoma City.

(Continued on page 60)



Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Source: *Random Lengths*

Plywood prices have dropped steadily since May, but with Doug fir ½-in. CDX-4/5 ply at $196 per thousand square feet and Southern pine (westside) ½-in. CDX 3-ply at $198, prices were still at the relatively strong levels of last winter.

LUMBER REPORT

Federal timberlands

Prez extends lumber harvest deadline 5 yrs.

(Continued from page 53)

quently expected to flatten, certainly by the fall, according to this analysis. That is bad news for companies hoping to average high-price contracts with more moderate ones, because that solution depends on market prices for lumber that exceed the price level achieved from contract averaging.

"When you're trying to figure out how you're going to average $400 stumpage with $200 stumpage and beat the Canadian's $20 stumpage it's pretty tough," said Ehinger. "And the Canadians now have 33% of our market."

The President's plan covers sales entered into before Jan. 1, 1982 and includes a moratorium on interest payments during the contract extension period. It also requires that a strict year-by-year plan for harvesting Forest Service timber be filed by Dec. 31.

According to George Leonard, the Forest Service expects to have detailed instructions available by the middle of this month for companies interested in filing for contract extensions. He noted that the extension option was available to all timber companies.

"We've identified almost 400 companies with sales that would make it difficult to operate in the current market," he said. "But there may be other companies that we haven't identified for one reason or another that may want to extend sales.

"It's axiomatic that the longer period of time you have, the more flexibility you have to respond to markets."

"We plan to work with the Federal agencies to get the most flexible and reasonable interpretation of the President's directive," said John Hall, group vp, resources, of the National Forest Products Assn. "Then, if there are significant parts we disagree with we may

(Continued on page 55)

First qtr. report: lumber imports rose 55% in 1983

WASHINGTON—United States imports of softwood lumber, building boards and plywood rose by 55% in the first quarter of 1983, mainly because of the surge in housing starts, a new International Trade Commission study found.

Based on I.T.C. figures, softwood lumber, building boards and plywood imports were valued at $680 million in the first quarter of 1983, up from $371 million during the corresponding period of 1982.

"In terms of value, the imports of softwood lumber more than doubled, building boards rose nearly 75% and plywood increased about 20% between the two quarters," I.T.C. said.

While the United States imports some plywood from Asian Pacific countries, most of its wood product imports come from Canada.

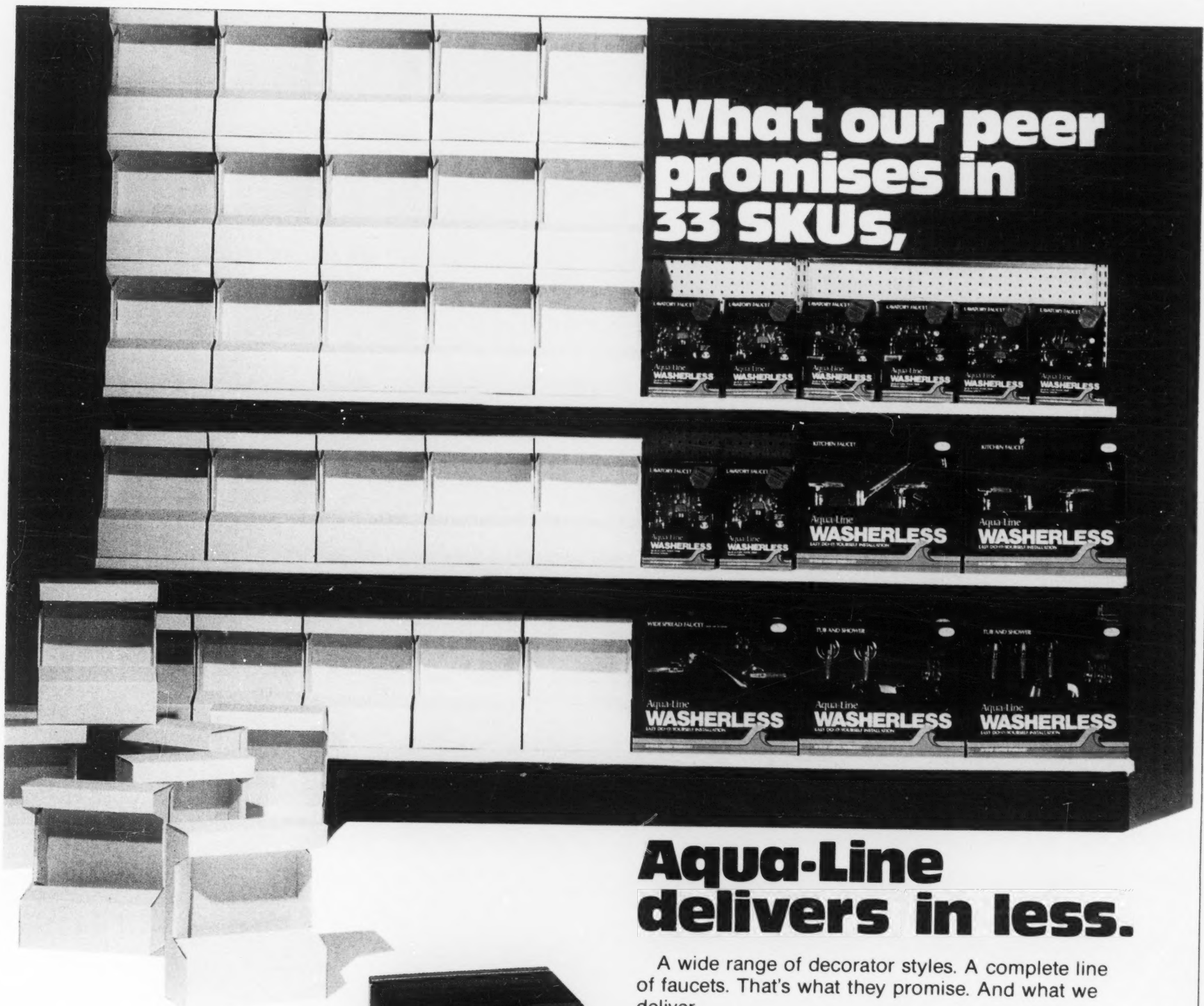
Overall United States imports of forest products rose from $2.1 billion to $2.3 billion this year with Canada generating $205 million of that increase.

However, because of the worldwide housing slump, United States exports of forest products fell from $2.1 billion in 1982 to $2 billion this year.

The most significant shift in exports was to Japan which only imported $420 million worth of United States forest products in the first three months of 1983—down 15% from the corresponding period last year.

On the other hand, United States plywood exports jumped from $55 million in the first quarter of 1982 to $78 million this year, while building board shipments increased 20% to $18 million during this same period.

"The majority of the increase in plywood exports went to Western Europe and building boards mostly went to Canada, as United States companies lowered their unit prices to compete with Asian and European suppliers," I.T.C. said.



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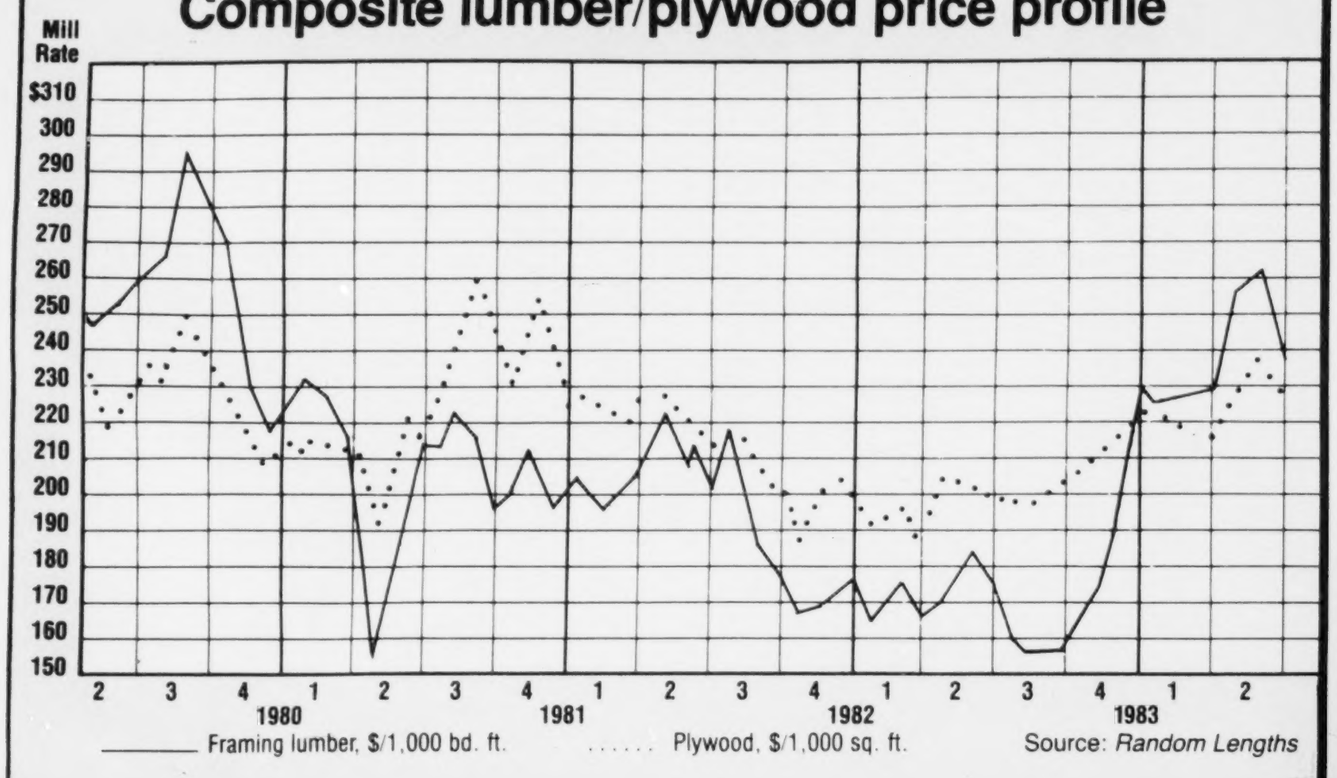
LUMBER REPORT

Composite lumber/plywood price profile



_____ Framing lumber, $/1,000 bd. ft. ..... Plywood, $/1,000 sq. ft. Source: *Random Lengths*

The framing lumber composite price dropped to $238 per thousand board feet in July from $260 in June, while the composite plywood price sunk to $228 per thousand square feet from $237 in June, based on Random Length's weighted averages of nine key lumber and seven key plywood items.

Composite prices were driven by strong demand and low inventory levels during the first half of the year when housing starts were up about 80% from 1982, with total seasonally adjusted starts averaging about 1.7 million units.

July's drop in prices could herald a less auspicious next six months. Some forecast a slowdown in lumber production following the cooling of the housing market that is expected to result from rising interest rates.

Reagan extends lumber harvest deadline 5 yrs. on Federal lands

(Continued from page 54)

attempt to get higher level review of those regulations."

For example, Ehinger said that forcing companies to harvest too much high-priced stumpage too soon, could limit the success of the relief effort.

"President Reagan signed off on a performance schedule," said Ehinger. "He didn't sign off on a rigid one."

Even if the contract extension effort is flexible and falling lumber prices do not counteract its effectiveness, there are still companies for which anything short of contract abrogation will not be enough.

Help for that segment of the industry will now have to come from the Congress, if at all. Winning the Executive action required achieving a consensus in an industry that had been split on the relief issue along company and regional lines. Ironically, gaining the President's help may make further assistance from Congress more difficult to gain. While some in the industry feel that only half a loaf was offered, others feel it was enough to sustain most companies.

"Many of us agree with Mark Hatfield's assessment that the Administration bought part of his program but neglected the other," said the NFPA's Hall. "Contract termination will continue to be important. But I don't know how wide the support will be."

Hatfield has said that he remains convinced of the need to allow the termination of certain contracts, although he concedes that the President's action may require revision of his legislative strategy. The Western Resource Alliance and other industry advocates of contract relief had originally hoped to resolve the issue completely with legislation.

"The last thing we want to do is appear ungrateful," said Ehinger.

"In legislation we tried to resolve the whole problem. We thought that made sense. You go to the well once and go home. We were forced into the corner of taking what we could get.

Ehinger noted, "We always viewed even a 10-year extension as a marginal affair. Off the top of my head I know 15 producers that probably aren't going to make it."

DIY firms invited to enter Dutch exhibition in Jan.

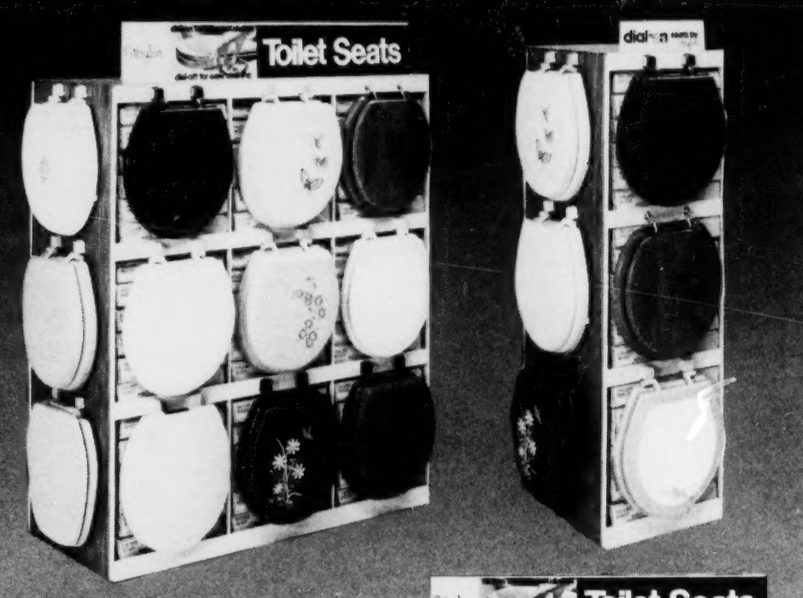
The 17th Annual Do-It-Yourself Products Exhibition "KARWEI" will be held at Jaarbeurs, Utrecht, the Netherlands, Jan. 22-25, 1984. Major displays will cover a wide gamut of DIY categories.

Offered for United States exhibits are: a 16-square-meter booth including carpeting, table and four chairs, shelving spot lights, name sign, wall plug socket for 220v/50 cycle electricity, counter planter and free use of the United States hospitality lounge and bar. This will cost $2,300. An alternative plan offers a half-booth for $1,150 or a catalog and price list display in the business information office for $200.

The Dutch DIY market is estimated at $1.3 billion.

Interested corporations may contact Conrad van der Knaap, U.S. Department of Commerce, International Trade Administration, Foreign Commercial Service, American Counsulate General, Museumplein 19, 1071 DJ Amsterdam, Netherlands.

SALESMAKERS



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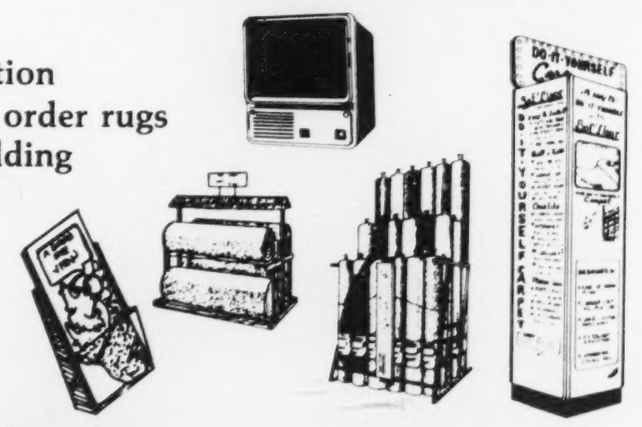

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FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Hines Lumber	6/30-2nd qtr.	$ 69,073	$ 49,221	40	$1,687	– $23,539	—
Lowe's	7/29-5 wks.	168,500	118,200	43	—	—	—
Scotty's	7/30-4 wks.	29,590	23,118	28	—	—	—
Southwest Forest Ind.	6/30-2nd qtr.	173,002	140,531	23	187	– 5,553	—

*$ in thousands

Source: Company reports

Forest City board mulls recapitalization

CLEVELAND—Forest City Enterprise's board of directors was scheduled to meet this month to consider a proposed recapitalization intended to provide the company with the capacity to fund future capital needs through the issuance of common stock while at the same time permitting continuity of management, officials said.

Under the proposal, two classes of common stock would be authorized and each existing outstanding share of common, currently traded on the American Stock Exchange, would be converted into one new Class "A" share and one new Class "B" share.

Holders of Class "A" shares would be entitled to elect 30% of the board of directors while holders of Class "B" shares would be able to elect the other 70%.

On other matters, the two classes would vote together with each Class "A" share having one vote and each Class "B" share having 10 votes.

The Class "A" shares would have a dividend preference and each Class "B" share would be convertible to one Class "A" share.

If the board approves the proposal, the company would submit it to shareholders for approval.

Among the company's holdings are 20 home centers.

Scotty's July volume jumps 28%

WINTER HAVEN, Fla.—Aided primarily by sales increases in its builder business, Scotty's posted a 28% overall gain in volume to $29.6 million in the four-week period ended July 30 compared to the corresponding four weeks last year, executive vice president Dennis W. Stults announced.

Sales to builders for the month were about 70% better than they were last year, he said, while consumer volume increased about 15% in the period from a year ago.

Hines reports retail, wholesale sales increases

CHICAGO—Sizable sales increases in both its retail and wholesale segments helped Edward Hines Lumber to a 40% gain in sales from continuing operations during the second quarter, according to president Edward Hines.

Hines told shareholders that sales rose from $49.2 million in the second quarter last year to $69.1 million this year to contribute $1,176,000 in profits from continuing operations. A $511,000 tax benefit from operating loss carryforward brought net income for the quarter to $1,687,000.

In the second quarter of 1982, Hines reported a net loss of $23.5 million which included: a $211,000 loss from continuing operations; a $3.5 million loss from discontinued operations, namely its mills, and a $19.9 million special charge for estimated costs and contingencies, namely timber contracts, associated with disposition of its manufacturing facilities.

The mill divestiture program was substantially completed during the second quarter and brought to the company about $50 million, $24 million of which was used to extinguish long-term debt, Hines said.

Increase sales

He noted that sales to DIY-ers continued to improve and contractor sales rose "substantially, reflecting strong building activity," in the quarter just ended.

Hines indicated that the company remains bullish on the do-it-yourself market (*NHCN*, July 18).

"We intend to take full advantage of this market by making improvements in our present home centers and conventional yards," he said. "Sales and earnings should be increased through refined and targeted advertising and merchandising programs. New facilities will be considered where the demographics and consumer trends support the capital investments."

STOCK PRICES

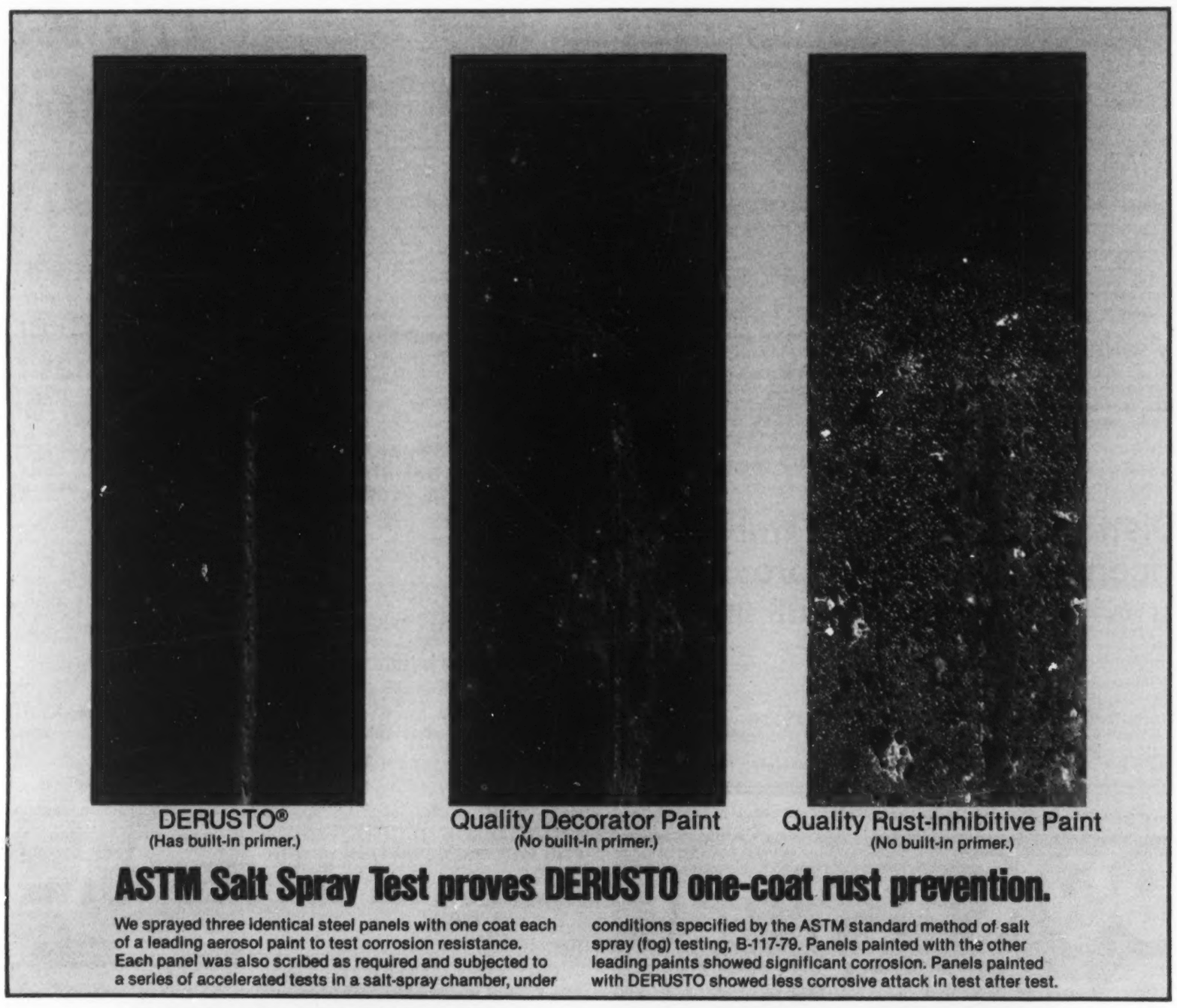
	As of 8/5	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	36⅛	47⅜	22	25
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	16¾	19½	4⅞	—
Forest City (AMEX)	29¼	30⅝	11½	18
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	43⅝	50⅜	28½	12
Lowe's (NYSE)	24¾	32¾	8⅞	28
Pay 'N Pak (NYSE)	19⅛	24	18⅜	14
Payless Cashways (NYSE) [Furrow]	28	34½	10⅝	30
Scotty's (NYSE)	16⅝	21⅛	10¾	17
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]	16⅛	16½	7¼	—

Nasdaq national—over-the-counter stocks

	As of 8/5	52-week High	52-week Low	P/E Ratio
The Home Depot	26⅞	31⅛	12	—
Pay 'n Save	22¾	51	16½	—

Over-the-counter stocks

	As of 8/5 Bid	As of 8/5 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18¾	19¾	23	8½
Hechinger	23½	23¾	38½	15⅛
Home Centers of America	8¼	9	12½	5
Home Centers of America (units)	25	27	38	13¼
Hines Lumber	29½	31	30½	13
Scotts Seaboard [Scott's]	4⅝	5¼	4¾	⅝
Wolohan Lumber	7⅝	7¾	10⅛	3½



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National
Home Center News

Vol. 9, No. 19 | The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. | September 12, 1983

Employees of Home Lumber & Hardware, Rosenberg, Tex., collect sections of corrugated steel, torn from the store's roof by Hurricane Alicia. The debri, representing two-thirds of the 10,000-sq.-ft. store's roof, came to rest 150 ft. from the building.
Photo courtesy of Rosenberg Herald-Coaster

Hurricane Alicia blows roof off Texas home center biz

Storm's fury damages stores; prices soar

By David Morgan
NHCN field editor

ROSENBERG, Tex.—"When you own your own business and the roof comes off in a storm, you can't sit around at a meeting 300 miles away—a business needs its owner like a family needs its daddy."

Such is the conviction that drove Lee Leaman to travel five hours through the wind and rain of Hurricane Alicia last month, before reaching his store in this Houston suburb.

The president of Home Lumber & Hardware Inc. had been in Shreveport, La., for a meeting of the Allied Building Stores buying group when he received an emergency call from his general manager. Wind from Hurricane Alicia had torn away two-thirds of the roof covering his 10,000-sq.-ft. store, causing water damage to computer registers, the phone system, office fixtures and merchandise.

Within the hour, he began the long trek south by car. "There were a few times that all I could see was one stripe on the pavement," Leaman recalled. "I got scared when my gas tank was only three-eighths full, and all the towns around me were out of power, but I found a place to fill up in Cleveland, Tex."

"I guess I was just lucky," he added. "The hurricane followed I-45, and I took I-59."

Alicia struck the Texas coast on the morning of Aug. 18, bringing with her 115-mile-an-hour winds and more than a foot of rain. By last report, her toll was said to include 17 deaths and up to $1.6 billion in property damage. Hardest hit was Galveston Island, which passed through the eye of the storm. One retailer said several thousand homes on the island's west end had been all but devastated by wind and flying objects.

In addition to Home Lumber & Hardware Inc., home center companies like Payless Cashways and Handy Dan reported substantial damage from the storm. David Krumholz, Payless' district manager in Houston, said two of the chain's nine area stores suffered structural damage to their warehouse sec-

(Continued on page 46)

'Meet or beat' pricing strategies taking hold of Chicago

CHICAGO—The heat of summer promotions has begun to concern home center retailers here, who fear that a price war could be simmering.

Most retailers claim that the new intensity of promotions this summer is little more than "business as usual," as dealers try to stimulate traffic.

Others, however, can't help but notice a wave of aggressive new pricing policies. Forest City, Joseph Lumber and Courtesy Home Centers have all, in recent months, adopted pricing positions that promise to "meet or beat any competitor's price."

Virtually all executives, though, agree that no one can afford to engage in a protracted price slashing battle.

"Chicago is still a relatively stable and reliable market," said Joseph Ender, president of four-unit Courtesy in Mount Prospect, Ill. "And there are no big corporations with stores here that can afford to slash prices and take losses at the end of the year. We're all local chains and need to make a profit. And you don't do that by lowballing your merchandise in your ads."

Perhaps, but many of the strong local operations appear to be aggressively jockeying for a larger slice of market.

Handy Andy, Gurnee, Ill., for instance, opened its 12th and 13th stores last spring. Joseph Lumber, headquartered here, just opened its fourth store. Eighty-four, the only national competitor, just opened its fifth and Courtesy will open a fifth by December. During the past year Handyman closed its three units, and Plywood Minnesota came under new management.

At the same time, while chains elsewhere in the country report banner years, the recovery has not materialized to the same degree among Chicago consumers, according to home center executives like Ted Joseph, general manager of Joseph Lumber. He noted that shoppers "are holding off buy-

(Continued on page 46)

Forest City in Chicago has jumped on the pricing promo bandwagon. NHCN photos

Manufacturers urge I.T.C. to probe 'rip-off' imports

By Ken Rankin
Washington correspondent

WASHINGTON—The International Trade Commission is under mounting pressure to expand its trademark counterfeiting probe to include "look alike" imports designed to appear similar but not identical to better-known United States brands.

In hearings late last month, both consumer activists and manufacturers urged the I.T.C. to widen its investigation, which began in February, to include "look alike" items.

Retail industry lawyers argued that limiting importation of such items would be disadvantageous to consumers who benefit from the imports' lower prices. Agency officials, for the moment, said they do not plan to study the "look-alike" issue.

"By concentrating solely on the . . . infringement of registered trademarks, the commission runs the risk of severely understating the gravity of this problem," warned attorneys for the broad-based International Anti-counterfeiting Coalition.

"In the real world, counterfeiting is a generic problem," they continued. "Unauthorized deceptive use of registered trademarks is merely one of several species of fraudulent practices all of which are designed to confuse the consumer by substituting a look-alike fake product for the genuine article."

In testimony during the I.T.C. hearings, coalition president James Bikoff said that "the commission's previous experience in cases involving cast-iron wood stoves" and other product lines "makes it particularly well-suited to appreciate the multifaceted nature of the coun-

(Continued on page 46)

1984 plan accelerated

Bowater stores debut in Texas

PLANO, Tex.—Bowater Home Centers opened its first two stores in Richardson and Mesquite, Tex., on Aug. 25, and will have its third unit in Arlington operational next month.

The company, which is a wholly owned subsidiary of Bowater North America in Old Greenwich, Conn., plans to have up to eight stores opened in the Dallas-Fort Worth Metroplex by early 1984 and from 40 to 50 throughout the Southeast by 1990, according to chain president Ralph Dillon (*NHCN*, July 4).

These plans appear to call for more accelerated expansion than Bowater executives had initially envisioned. Dillon told *NHCN* in June that the chain would open its first three stores "by the end of 1983," and over the following 18 months would have three additional Metroplex stores, another "in Texas," and three more in "new markets" that he declined to specify (*NHCN*, July 4).

Each store will be a 70,000-sq.-ft. warehouse-style home center, the first such operation to do business in the market. The stores will have 18 departments and stock 30,000 sku's, or $1.8 million to $2 million in inventory at cost. Each will be manned by 100 employees.

Bowater's management team consists of a number of home center veterans with experience from several large chains around the country, including Dillon (who spent 10 years at

(Continued on page 45)

NEWSBREAKS

WICKES SHOWS PROFIT. Wickes Cos. recently reported its first quarterly profit since 1981 with an income of $11.7 million on sales of $752.7 million for the three months ended July 30. Wickes, which continues to reorganize under Chapter XI, had a loss of $566,000 on sales of $693.1 million a year earlier.

INSIDE:

O'MALLEYS' ACQUISITION of Handy Andy strengthens the Phoenix-based chain's dominant position in the Arizona market ..... Page 3
WOLOHAN LUMBER'S fortunes appear to be rebounding as the chain posts its fourth consecutive quarterly sales gain Page 3
EXTENDED OPERATING HOURS helped Star Lumber, Wichita, Kan., post a 50% sales increase at a relocated unit Page 6

NHCNews Briefs

Industry Update

Lowe's plans doubling of space

NEW YORK—Lowe's will soon announce a plan to almost double its 2.3 million sq. ft. of selling space during the next three years, according to comments made by chain officials at a security analyst meeting here late last month.

The revelation came in response to analysts' questions about the relatively slow expansion of the 235-store chain, according to Barbara Alexander, vp Smith Barney Harris Upham.

She noted that the additional space would be the equivalent of about 100 20,000-sq.-ft. stores. Most likely it means accelerated implementation of the "super" prototypes (*NHCN* May 23). "There's a lot of incremental selling space that you're talking about here," Alexander said.

In an August report on Lowe's, Alexander wrote: "Admittedly, a substantial amount of this will come from the expansion of existing stores [either on their current sites or by relocating them], but a substantial amount of new construction will be involved in any event.

"We expect the unveiling of this plan sometime in the next three months, and its implication of Lowe's could be substantial."

Copeland opens five new units

PORTLAND, Ore.—Copeland Lumber Yards has opened five new units—four in Washington and one in Oregon—following a cash purchase of the sites for an unspecified amount.

Three of the units are in southeastern Washington in the cities of Pasco, Kennewick and Richland. Another unit is in Freeland, Wash., on Whidbey Island northwest of Seattle. The fifth unit is in Hermiston, Ore.

The units, which opened Aug. 1 under the Copeland Lumber banner, were formerly independents. The yards have "the potential" to generate $1 million in annual sales volume each, according to a Copeland official.

Copeland now operates 82 units in the states of California, Washington, Arizona, Oregon, Nevada and Idaho. Estimated 1982 sales for the privately held company were $75 million. Its units range in size from 3,000 to 6,000 sq. ft., and its percentage of consumer sales is roughly 50%.

Handyman expands 20% promo

PHOENIX—Less than a month after debuting a "20%-off" promotion in its nine Dallas stores operating under the Homer's trade name, San Diego-based Handyman has extended the promotion to its five Handyman stores located here.

Harvey Rosen, president of the 80-unit chain, declined to comment on whether the 20%-off promotion will be extended to California where most Handyman stores are located.

The 20%-off program applies to every item in the store, including on-sale merchandise. A full-page ad announcing the promotion ran in the Aug. 27 *Arizona Republic* and is virtually identical in layout and wording to an ad published in the July 22 edition of the *Dallas Morning News* (*NHCN*, Aug. 29).

Asked if the 20%-off promotion would continue indefinitely, Rosen responded, "We'll see how well it goes before we determine how long it is going to last."

Show attendance up

CHICAGO—Attendance at the 1983 National Hardware Show totaled 73,676, an increase of 5% over the previous year, when 70,474 attended, according to the Cahners Exposition Group. The 1981 show still holds the record for the all-time high when 74,957 attended.

The number of exhibitors totaled 2,936, a new high. The Automotive Aftermarket division accounted for 150 exhibitors.

National Home Center News.

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National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $20 a year ($21 in Canada). Foreign subscriptions: Airmail only, $100 per year.

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Vol. 9, No. 19 September 12, 1983

1st retailer joins Eagle program

Stambaugh installs auto. computer order system

By Phillip M. Perry
NHCN associate editor

YOUNGSTOWN, Ohio—Stambaugh Thompson, the 20-unit home center chain, has become the first retailer to join the Eagle automated purchase order entry system.

Ace Hardware, the dealer-owned wholesaler distributing to 4,300 stores, has also joined Eagle, a system designed primarily for speeding orders between wholesalers and suppliers.

Both companies say they joined the system to cut lead times and reduce costly inventory levels. The American Hardware manufacturers Association officially introduced the system late last year. (*NHCN*, Aug. 15)

"Our lead time should be reduced by at least 15%," said Don Senne, general merchandise manager at Stambaugh Thompson, which joined Eagle in early July.

Lead time extends from the point at which Stambaugh Thompson first determines merchandise must be replenished until the merchandise has been received at the distribution center and processed internally, ready for shipment to stores. Senne said lead time should be reduced from its current four-week cycle to 3½ weeks or less.

Senne also expects to reduce company inventory levels by about 15% as a result of the Eagle program. "Such a reduction is important to any home center chain where inventory represents such a high proportion of assets," he noted.

Stambaugh Thompson is now converting its old purchase order software system into the Eagle format, a process which involves the reassigning of stock numbers for individual items. Senne believes the process will take another two months. He expects the Eagle system to be in place by October.

Although only 20% of Stambaugh Thompson's current vendors have signed contracts with Eagle, Senne expects that percentage to increase.

"I have been talking with a number of our key vendors, who tell me they have long been considering joining Eagle and now looks like the logical time," said Senne. Based on reactions he has been getting from his regular vendors, Senne expects up to 50% of them to soon join the system.

Stambaugh Thompson has an IBM 38 mainframe computer which is compatible with the Eagle system. While the chain orders primarily from manufacturers, it also expects to use Eagle to order from the few distributors on its ordering list.

Individual stores in the chain use hand-held computer terminals to order merchandise.

Although the Eagle system has been available to retailers since the first of the year, no other chain has yet signed a contract. "The probable reason is that everyone is waiting for the other guy to join," offered Senne. "Retailers and distributors are waiting for more manufacturers to join, and manufacturers are waiting for more distributors and retailers to join."

Even so, said Senne, the system offers an important opportunity to retailers.

"Any home center chain I know of is committed to elec-

(Continued on page 45)

July housing starts off due to interest rate speculation

NATIONAL REPORT—Housing starts were off in July, but only by 0.6% and permits were up by 3%, a performance that seemed strong since it occurred amid speculation that rising interest rates would dampen home production.

Total seasonally adjusted starts in July dipped to 1.74 million compared to 1.75 million in June. And June's figure was down from 1.8 million in May. However, for the first seven months of 1983, total starts averaged 1.7 million units.

Some industry observers expected that level of starts to flatten somewhat during the second half of the year because of rising interest rates. But, late last month VA/FHA mortgage rates dipped to 13% after having risen steadily to 13.5% from 11.5% in June.

"Obviously it's a step in the right direction," said Dean Crist, National Assn. of Home Builders research analyst. "It can't do anything but help."

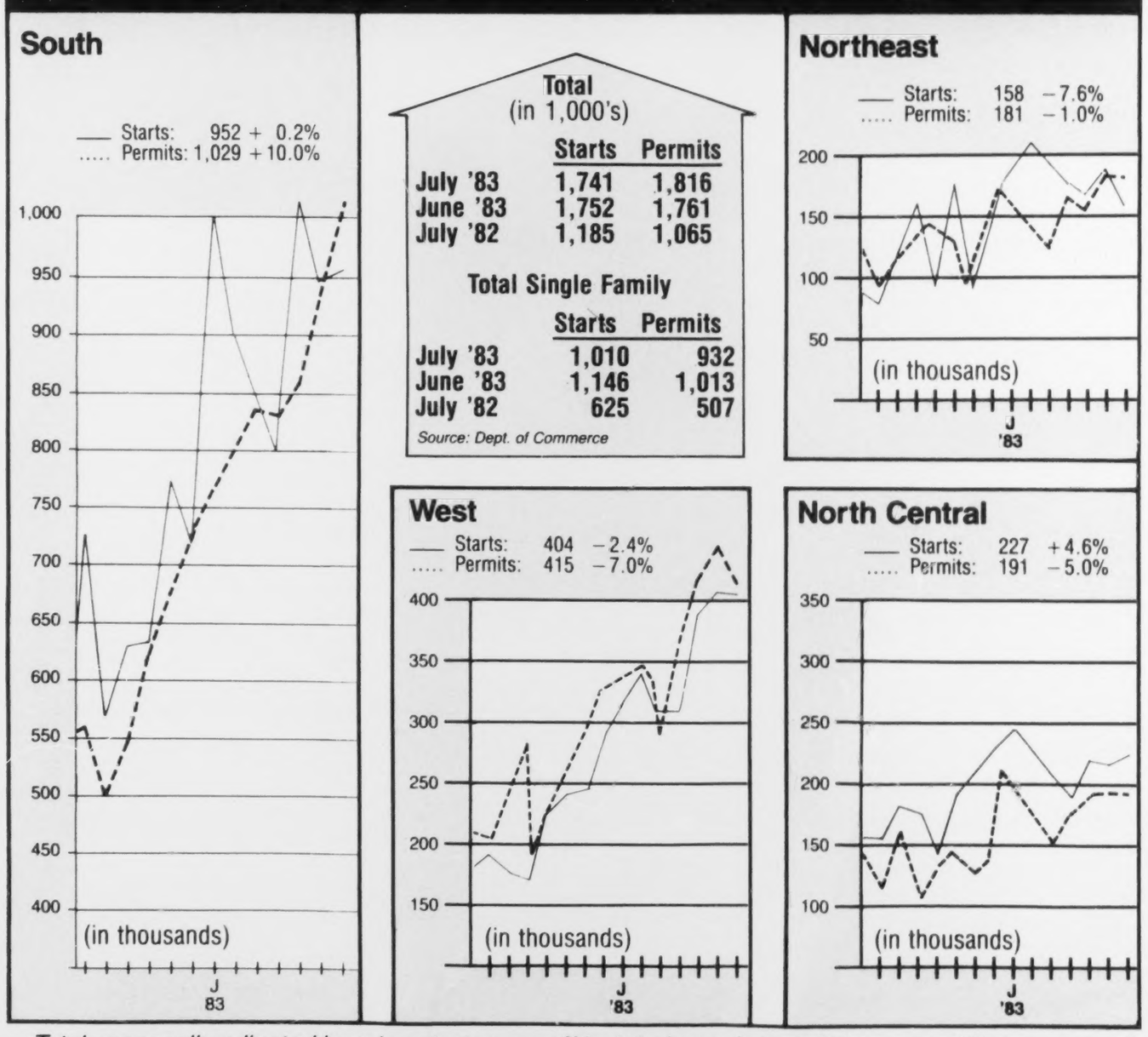
The larger question, he feels, is whether rates will decline further, increasing housing's affordability. The NAHB late last month was revising its 1984 forecast to accommodate the assumption that, while rates may fall, they will not fall that much.

Crist noted that the size of the Federal deficit and its affect on crowding housing out of the credit market remains the single-largest dilemma hanging over the future of housing's recovery.

"Push is going to come to shove quickly in the credit mar-

(Continued on page 45)

July home-building activity



Total seasonally adjusted housing starts were off in July, but only by 0.6% to 1.74 million compared with 1.75 million in June. The performance seemed relatively strong, since it occurred amid industry speculation that rising interest rates could dampen housing's recovery. In fact, seasonally adjusted, total permits were up 3% in July. However, seasonally adjusted single-family starts and permits were off 11.9% and 8%, respectively.

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FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Erb Lumber	6/30-2nd qtr.	$ 38,056	$ 26,828	42	$ 1,094	$ 511	114
Lowe's	7/31-2nd qtr.	418,057	291,576	43	18,258	8,513	114
Scotty's	7/2-4th qtr. 7/2-Year	107,023 358,982	89,879 308,013	19 17	4,176 11,316	3,473 11,095	20 2
Wolohan Lumber	6/30-2nd qtr.	31,924	25,082	27	879	483	82

*$ in thousands

Source: Company reports

Scotty's posts 20% net gain in quarter

WINTER HAVEN, Fla.—Solid sales gains late in its fiscal year, especially in the fourth quarter ended July 2, helped to push Scotty's sales up 17% to $358,982,000 and its earnings up 2% to $11,316,000 for the year, officials announced.

The 102-store chain posted a 20% gain in net income in its last quarter to $4,176,000 on a sales gain of 19% to $107,023,000 compared to the previous year. The sales gain was boosted by a 22.4% increase in sales at stores opened in both 1982 and 1983 and a 72.1% hike in builder volume during the quarter, according to officials.

The quarterly sales increases were particularly impressive because this year's fourth quarter included 13 selling weeks while the like period in fiscal 1982 included 14 selling weeks.

For the year, sales at comparable Scotty's stores were up by 11%, showing a steady increase since the first quarter of fiscal 1983 when they were down less than 1%, officials indicated.

Builder sales have shown a similar recovery from the first quarter of the fiscal year when they slipped by 3.8%. The steady growth culminated with an 83.2% increase in professional volume in June to boost fiscal 1983 builder sales up 31% to better than $90 million from the year earlier, officials said.

Builder volume claimed 27.5% of the fourth quarter sales and 25.1% of annual sales.

For the year, consumer volume was up 15% to nearly $269 million from the previous year.

During 1983, Scotty's opened five new stores, a replacement store, consolidated two of its Key West, Fla., units into one and closed another outlet, officials said.

Lowe's matches 82's total earnings in first six months of 1983

NORTH WILKESBORO, N.C.—Lowe's rode a 43% increase in second quarter sales (*NHCN*, Aug. 29) to more than double its net income for the period and surpass 1982's total earnings after only the first six months of fiscal 1983.

The 235-store chain posted net income of $18,258,000 in the second quarter ended July 31 on sales of $418.1 million. The earnings figure was 114% better than in last year's second quarter when it totaled $8,513,000.

Through its first half, Lowe's earnings stood at $26.9 million, nearly $2 million ahead of the $25.1 million in earnings that the company accumulated all of last year.

Officials attributed the sharp rise in profits to its sales gain, particularly in builder sales which were sparked by a resurgence in home building and rose 63% in the quarter to $203.7 million. Retail volume grew by 28% to $214.4 million compared to a year ago.

Programs to improve gross margins, continuance of expense controls and a 42% gain in sales at the 233 Lowe's outlets opened for at least a year also contributed to the earnings rise, they noted.

Erb's profit growth reflects recovery in construction industry

BIRMINGHAM, Mich.—A 211% increase in builder sales in Erb Lumber's southeastern Michigan markets helped the company more than double its second quarter net profits, officials said.

Net income

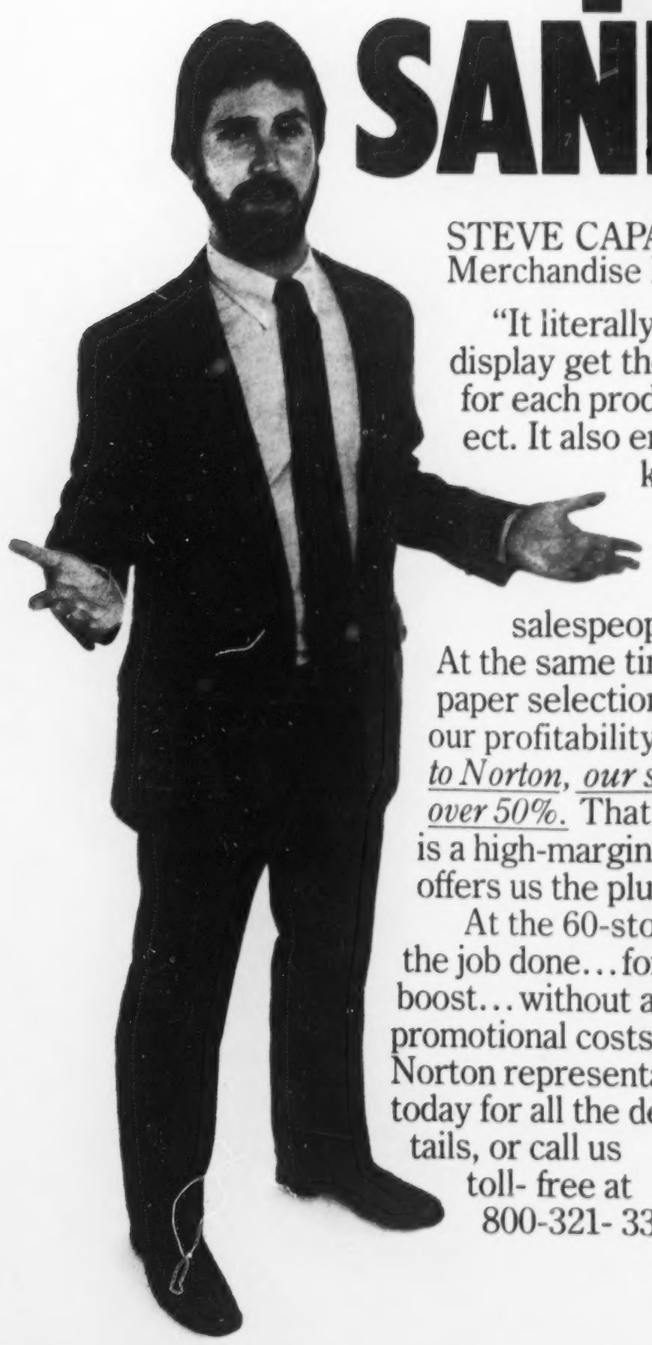
Net income rose 114% to $1,094,000 on a sales gain of 42% to $38,056,000 in the period ended June 30 compared to the same quarter last year.

The results brought first half profits to $876,000, compared to a net loss of $697,000 last year. Revenues were $60.6 million, 41% better than a year ago, according to officials, who said the company's performance reflected a continuing recovery in the home construction industry.

Upswing noted

Consumer sales were up better than 10% in the first six months compared to year-ago figures, said finance vp Richard K. Rappleye.

"THANKS TO NORTON, BUILDERS EMPORIUM DOESN'T HAVE TO SELL SANDPAPER."



STEVE CAPASSO
Merchandise Manager, Builders Emporium stores.

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